

# Researching Marketing Opportunities for Organic Grain Producers

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## **Project Background**

The Midwest Organic Farmers Cooperative (MOFC) was organized to help establish a marketing system for organic grain and oilseed crops. MOFC was established through assistance provided by this FSMIP grant, the Office of Economic and Regional Development (OERD) at Southern Illinois University Carbondale, and the USDA Cooperative Specialist for Illinois, Mike Doherty. The grant provided the financial support to hire a marketing specialist to deal with the lack of a marketing system that has previously hindered organic row crop producers. MOFC has allowed organic farmers throughout the Midwest to realize the increased profits from marketing their organic crops as a cohesive group through one central channel.

## **Project Goals and Objectives**

**Goal:** The goal of MOFC, as established by its members, is to coordinate the marketing efforts of organic row crop farmers by developing direct marketing channels between farmers, processors and other end-users of organic crops.

**Objective 1:** Identify processors/users of organic and non-GMO grains.

**Objective 2:** Identify what crops, crop traits, hybrids, varieties, etc. are desired by processors.

**Objective 3:** Assist 40 organic farmers through the establishment of marketing channels with identified processors/buyers.

**Objective 4:** Collaborate with Midwest Organic Farmers Cooperative to develop a strategy to pool grain from small farms and deliver to processor/buyer.

## **Progress**

The overall goal of this project was to form direct marketing links between organic small farm producers and buyers/processors of organic grains. A Marketing Specialist was contracted to facilitate the completion of this goal. His primary mission was and continues to be the development of links with buyers and processors of organic grain by telephone, site visits, membership in industry organizations such as the Organic Farmers Agency for Relationship Marketing (OFARM), and by attending organic conferences throughout the country. These links enabled the Marketing Specialist to effectively market the organic grains of the membership of MOFC.

These contacts with buyers indicated significant interest for various grades of organic corn, soybeans and wheat. Possible markets for buckwheat, spelt and other minor use crops were also identified. The buyers and processors of these grains welcomed the opportunity to deal with one primary contact, the Marketing Specialist, instead of the numerous, small acreage individual growers that comprise a majority of the organic farms. By establishing an organized marketing system, both the buyers and producers reap the benefits of the increased efficiencies related to a coordinated marketing effort.

The key benefit MOFC provides to its members is the increased price received at the farm level for the organic crops. The brokers, involved with purchasing organic grains from the individual farmer-members before the existence of MOFC, were offering much less for organic crops. The highest prices offered for organic corn ranged from approximately \$2.75 to \$3.10 per bushel and the top price offered for organic soybeans, regardless of quality, was about \$12 per bushel. Through the efforts of this project and the interrelated coordination with other organic groups throughout the Midwest, prices have been increased for all organic producers even for those that choose not to participate in this project. During this project's life cycle, prices for organic corn reached a high of \$6.34 per bushel and organic soybeans peaked at \$16.50 per bushel.

The success of this project in collaboration with MOFC in securing higher prices has allowed the Marketing Specialist to secure several production contracts and increase membership to 71 organic farmers. During this project, which spanned from October 1, 2000 to January 31, 2002, MOFC, with the assistance of the Marketing Specialist funded by this grant, sold the following amounts of organic grain:

<b>Crop</b>	<b>Bushels Sold</b>	<b>Average Price</b>	<b>Total Sales</b>
Barley	1,139	\$144/ton	\$3,936
Corn	76,879	\$4.79/bu	\$335,340
Hay	52	\$229/ton	\$7,828
Oats	24,637	2.41/bu	\$52,759
Soybeans	23,492	\$12.81/bu	\$291,414
Wheat	19,599	\$5.93/bu	\$90,731

These sales totaled \$1,117,350 during the life of the project. This level of sales has enabled MOFC to continue operations into 2002. MOFC is currently projecting sales for the 2002 fiscal year in excess of \$3 million.

Without the FSMIP funding that allowed OERD to contract with the Marketing Specialist and leverage against other projects, the farmer members of MOFC would not have had access to these opportunities. The project has allowed MOFC farmer members to collectively secure higher prices than they would have realized as individuals.

#### Other Significant Activities and Achievements of the Marketing Specialist:

- Presentations
  - Illinois Specialty Growers Association
  - Indiana Horticulture Congress
  - Illinois Organic Crop Improvement Association
  - European Grain Buyers Tour
  - Illinois Sustainable Agriculture Society Annual Meeting
  - Midwest Organic Farmers Cooperative Annual Meeting
  - Missouri Organic Farmers
  - Upper Midwest Organic Farming Conference
- Developed protocol to collect grain samples and prioritize sales
- Identified crop varieties and hybrids to meet quality specification of buyers
- Identified cleaning facilities
- Identified potential sites for loading rail cars
- Coordinated transportation from the farm to the end-users site
- Collaborated with groups of organic farmers in other states to develop the Organic Farmers Agency for Relationship Marketing (OFARM)

### **Conclusion**

The resources made available through this project have made it possible for organic farmers in Illinois and surrounding states to collaborate with each other thus improving commodity prices and accessing new organic markets. From the level of interest shown by buyers and processors, it appears that premium markets will be available for the majority of organic crops produced this year by the farmers involved in this project. Crop acreage with MOFC at the time of project conclusion includes more than 10,000 acres. Combined sales projections for organic corn, soybean, wheat, oat and spelt acreage to be sold in 2002 amount to approximately \$3.2 million. Old crop production to be marketed in 2002 will add an additional \$240,000 to gross sales.

An additional benefit farmers have recognized due to this project is that their membership in MOFC has facilitate the sharing of information between farmer members about how to improve their individual farming operations. Additionally, with the Marketing Specialist attending conferences and seminars, he was able to bring a great deal of information back to the farmer that they will be able to use to increase their profits.

With a total amount of crop revenue of over \$1.1 million generated from the FSMIP funding related to this project and the extensive marketing groundwork that has been laid out thus far, this project has been a tremendous success. It has enabled over 70 Midwest organic farmers to recognize the benefits of working together and allowed this group to continue collectively marketing their production.